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November 14, 2000

Ms. Magalie Roman Salas
Commission Secretary
Federal Communications Commission
445 12th Street, S.W.
CY-B402
Washington, D.C. 20554

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RE: CC Docket No. 00-217, Application of SBC Communications, Inc.,
Pursuant to Section 271 of the Telecommunications Act of 1996 To
Provide In-Region, InterLATA Services In Kansas and Oklahoma

Dear Ms. Salas,

Enclosed for filing in the above-numbered and styled docket are the comments of ConnectSouth Communications, Inc. (ConnectSouth), in opposition to approval of the application of SBC Communications, Inc., to provide in-region, interLATA services in Kansas and Oklahoma.

By copy of this letter, ConnectSouth also submits the required copies to Ms. Janice Myles and the International Transcription Service.

Thank you for your attention to this matter.

Sincerely,

Patricia Ana Garcia Escobedo

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**Before the
Federal Communications Commission
Washington, D.C. 20554**

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In the Matter of)
) CC Docket No. 00-217
Application of SBC Communications, Inc.)
Pursuant to Section 271 of the)
Telecommunications Act of 1996)
To Provide In-Region, InterLATA Services)
In Kansas and Oklahoma)
)

**COMMENTS OF CONNECTSOUTH COMMUNICATIONS IN OPPOSITION
TO THE SECTION 271 APPLICATION OF SBC COMMUNICATIONS, INC.,
IN KANSAS AND OKLAHOMA**

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To Provide In-Region, InterLATA Services
In Kansas and Oklahoma

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**COMMENTS OF CONNECTSOUTH COMMUNICATIONS IN OPPOSITION
TO THE SECTION 271 APPLICATION OF SBC COMMUNICATIONS, INC.,
IN KANSAS AND OKLAHOMA**

ConnectSouth Communications, Inc., pursuant to the Public Notice released on October 26, 2000, in the above captioned proceeding, herein files its initial comments on the application of SBC Communications, Inc., for authorization under Section 271 of the Communications Act to provide in-region, interLATA service in the states of Kansas and Oklahoma.

I. INTRODUCTION

ConnectSouth Communications, Inc. (ConnectSouth)¹ pays rates in Kansas and Oklahoma for collocation service and unbundled network elements (UNE) purchased from Southwestern Bell Telephone Company (SWBT) that are barriers to ConnectSouth's ability to provide telecommunications and data services because they are significantly higher than the cost-based rates in Texas for comparable service(s) and/or element(s).

¹ ConnectSouth is the parent company of the certificated telecommunications companies, ConnectSouth Communications of Kansas, Inc., and ConnectSouth Communications of Oklahoma, Inc., that operate in each state. ConnectSouth is a provider of telecommunications and data services via its 14 telecommunications companies certificated in each SWBT and BellSouth state and its internet company.

II. MOKA RATES ARE SIGNIFICANTLY HIGHER THAN TEXAS' COST-BASED RATES

SWBT's rates for collocation services and UNEs in Texas are indicators of the rates that should apply across its five state region. After full participation by SWBT and competitive local exchange carriers (CLECs) and lengthy deliberation, the Public Utility Commission of Texas determined cost-based rates that should not differ across SWBT states to any great degree or significance. Certainly any inefficiencies SWBT may have in place in Missouri, Oklahoma, Kansas, and Arkansas (MOKA) cannot be justified with UNE and collocation build-out rates that, in some cases, are more than 100 percent higher than the Texas rates.

As support for its position that SWBT's collocation and UNE rates in Kansas and Oklahoma cannot be cost-based and are anticompetitive, ConnectSouth provides a comparison of actual costs billed by SWBT and paid by ConnectSouth for collocation services and UNEs in each of the five states. See pages 6 and 7. The collocation rates, terms, and conditions applicable to ConnectSouth's collocations are based on both tariffs and interconnection agreements that reflect SWBT's proposed rates. In Kansas, ConnectSouth pays collocation charges that, pursuant to staff's recommendation, are discounted 50 percent discount off the SWBT filed rates but are subject to future true-up. Oklahoma collocation rates are of two types: interim rates that mirror the Texas 271 Agreement (T2A) rates and also will require true-up and rates from the interconnection agreement between ConnectSouth and SWBT.² Missouri and Arkansas rates are from the SWBT 13-State interconnection agreement between the parties.

Kansas monthly recurring rates (MRCs) on average range from 6 to 61 percent more than Texas' rates. Collocation non-recurring charges (NRCs) in Kansas on average are 35 to 112 percent higher. Of particular interest is the fact that the higher 112 percent average is for medium, cageless collocations—the collocation type that a CLEC making an entry into a market

² The difference in which rate applies depends on whether ConnectSouth's application was processed before or after the Oklahoma commission ordered use of the Texas rates on an interim basis, subject to true-up. ConnectSouth adopted the interconnection agreement of Dakota Services, Inc.

arguably would make the most use of, since the medium cageless collocation would not be as great an expense as a caged collocation and would allow for growth. As grounds for comparison, ConnectSouth provides the figures for its medium, **caged** collocation in Texas. Rates for the medium, **cageless** collocation in Kansas versus the medium, **caged** collocation in Texas are on average 12.11 percent higher in MRCs and 53.18 percent higher in NRCs. The loop install UNEs that ConnectSouth orders for its provision of services in Kansas cost on average over 239 percent more than the same UNEs in Texas.

In Oklahoma these comparison percentages and rates are more excessive with the exception of large, caged collocations.³ MRC rates in Oklahoma on average are 48 to 66 percent higher, and NRCs on average, 62 to 105 percent higher. Rates for the medium, **caged** collocation in Oklahoma versus the medium, **caged** collocation in Texas are on average 48.18 percent higher in MRCs and 89.77 percent higher in NRCs. Loop install UNEs in Oklahoma also are over 239 percent greater than in Texas.

Until recently, ConnectSouth was collocated in each of the five SWBT states. On November 2, 2000, ConnectSouth notified the Arkansas Public Service Commission that it was withdrawing from the Arkansas market due to SWBT's high collocation and UNE charges. At the time of the notification, in fact, ConnectSouth had built-out completely numerous collocations in Arkansas. ConnectSouth, thus, forfeited substantial application fees and collocation build-out monies. MRCs and NRCs for large caged collocations in Arkansas are on average approximately 80 percent higher than comparable Texas charges. The medium and smaller cageless collocations of which CLECs presumably would make more use based on their affordability are, in fact, unattainable. MRCs for medium and small cageless collocations, respectively, are over 275 percent and 101 percent higher with the NRCs over 322 and 205

³ The monthly recurring rate (MRC) for large, caged collocations in Oklahoma is the exception; the MRC is on average 2.34 percent less than the Texas MRC for the same-sized collocations.

percent greater than comparable type and size collocations in Texas. Loop install rates are over 258 percent higher than the Texas rates.

MRC rates in Missouri on average are 52 to 175 percent higher, and NRCs on average, 115 to 324 percent higher. Rates for the medium, **cageless** collocation in Missouri versus the medium, **caged** collocation in Texas are on average 86.28 percent higher in MRCs and 164.97 percent higher in NRCs. Loop install UNEs in Missouri are over 317 percent greater. Due to the high NRCs and MRCs, ConnectSouth eliminated eight collocation sites, again forfeiting substantial NRCs.

ConnectSouth's comparison of the applicable rates, pursuant to the Texas 271 Agreement (T2A), the Dakota Services, Inc., agreement that ConnectSouth adopted in Oklahoma, and the 13-State Agreement which applies to ConnectSouth's operations in Arkansas, Kansas, and Missouri, follow.

SOUTHWESTERN BELL COLLOCATION RATES AND COSTS⁺

	KN Rate / Difference*	OK Rate / Difference*	AR Rate / Difference*	MO Rate / Difference*	Texas
Application Fee	\$4,250.00 17.89%	\$4,250.00 17.89%	\$4,250.00 17.89%	\$4,250.00 17.89%	\$3,605.00
Large, Caged (200 sq. ft.) Collo					
MRC	\$3,108.45 - \$3,116.13 6.025%	\$2,834.83 - \$2,899.87 -2.34%	\$5,085.14 - \$5,188.83 79.96%	\$4,331.93 - \$4,600.81 52.03%	\$2,856.47 - \$3,018.45
Build-Out NRC	\$86,668.08 - \$95,180.04 35.30%	\$104,709.52 - \$113,982.84 62.89%	\$114,456.50 - \$127,833.30 80.10%	\$133,948.00 - \$149,821.00 115.92%	\$60,139.64 - \$75,240.84**
Medium, Caged (100 sq. ft.) Collo					
MRC	***	\$1,124.16 - \$4,980.00 48.18%	***	***	\$1,224.36 - \$2,434.66
Build-Out NRC	***	\$46,448.10 - \$120,385.90 89.77%	***	***	\$28,962.86 - \$54,929.36
Medium, Cageless (5 days) Collo					
MRC	\$1,563.44 - \$2,350.90 61.99%	***	\$3,985.93 - \$5,085.14 275.41%	\$2,415.33 - \$4,243.53 175.575%	\$1,207.84 - \$1,208.34
Build-Out NRC	\$55,908.28 - \$62,258.64 112.23%	***	\$103,556.40 - \$133,162.50 322.39%	\$90,581.00 - \$119,317.00 274.13%	\$25,403.34 - \$30,461.96
Small, Cageless (4 days) Collo					
MRC	\$1,098.93 - \$1,390.16 11.28%	\$1,122.94 - \$2,614.77 66.90%	\$1,943.77 - \$2,565.70 101.61%	\$2,407.15 - \$2,446.44 117.13%	\$1,112.34 - \$1,122.94
Build-Out NRC	\$35,851.21 - \$43,324.40 47.45%	\$28,457.62 - \$71,631.16 105.91%	\$57,357.07 - \$84,980.09 205.02%	\$90,581.00 - \$105,433.00 324.52%	\$21,067.98 - \$25,156.52

+ These are actual costs SWBT has billed ConnectSouth.

* The "Difference" is the percentage average increase between the respective state rate and the Texas rate.

** ConnectSouth does not include in this analysis a large, caged collocation in San Antonio, where the NRC is \$136,154.84 and the MRC is \$3,328.78 as a result of the need for repeaters on the ConnectSouth circuit to reach the SWBT main distribution frame.

*** ConnectSouth has not built-out any collocations of this size in this state.

SOUTHWESTERN BELL LOOP INSTALL RATES AND COSTS⁺

	Kansas	Oklahoma	Arkansas	Missouri	Texas
MRC Loop	\$11.86*	\$13.00*	\$18.75*	\$12.71* (KC, STL) \$18.23* (Springfield)	\$12.14*
NRC Loop First	\$70.00	\$37.50	\$41.05	\$26.07	\$15.03
NRC Loop Additional	\$29.25	\$15.65	\$16.50	\$11.09	\$6.22
MRC Cross Connect	\$1.47	\$2.10	\$1.57	\$2.10	\$1.24
NRC Cross Connect	\$35.83	\$62.04	\$80.63	\$136.40	\$4.72
NRC Service Order Charge (mechanized)	\$5.00	\$3.33	\$5.00	\$5.00	\$5.00
NRC Loop Make-Up Inquiry	\$0.10 mechanized \$87.64 manual	NA \$95.10 manual	\$0.10 mechanized \$84.52 manual	\$0.10 mechanized \$84.15 manual	\$0.00 mechanized \$10.00 manual
NRC Cooperative Acceptance Testing	\$33.51	\$33.51	\$33.51	\$33.51	\$33.51
NRC Load Coil Removal First/Additional	\$905.99 \$21.12	\$1,079.20 NA	\$971.60 \$22.60	\$727.20 \$18.18	\$0.00
NRC Repeater Removal First/Additional	\$328.92 \$15.73	\$392.90 NA	\$353.30 \$16.80	\$289.51 \$13.74	\$0.00
NRC Bridged Tap Removal First/Additional	\$550.63 \$28.39	\$661.65 NA	\$593.55 \$30.40	\$484.19 \$24.24	\$0.00
Total MRC – Loop, Cross Connect	\$13.33	\$15.10	\$20.32	\$14.81 (KC, STL) \$20.33 (Springfield)	13.38
Total NRC – Loop NRC, Cross Connect, Service Order charge, Manual Loop Make-up Inquiry, Testing, (Conditioning: one each load coil, repeater, bridged tap)	\$231.98 (Conditioning: \$1785.54)	\$231.48 (Conditioning: \$2,133.75)	\$244.71 (Conditioning: \$1918.45)	\$285.13 (Conditioning: \$1,500.90)	\$68.26 (Conditioning: \$0.00)

+ Rates are those billed by SWBT from the respective state interconnection agreement.

* Rates do not reflect the 25 percent discount to which SBC committed to gain approval of the Ameritech merger but which are not permanent.

III. CONCLUSION

Actual figures of billed and paid monies support ConnectSouth's contention that SWBT's rates in Kansas and Oklahoma cannot be cost-based and are anticompetitive. SWBT's proverbial statement that it has done everything necessary to open up its local markets to competition and that it cannot force a competitor to come in and compete⁴ is contravened directly by the reality of the marketplace. ConnectSouth cannot compete if its cost to compete against the monopoly incumbent are prohibitive.

ConnectSouth urges that the Federal Communications Commission not approve SWBT's Section 271 applications for inter-region, interLATA service in Kansas and Oklahoma until SWBT's rates in Kansas and Oklahoma are more consistent with SWBT's Texas cost-based rates.

Respectfully Submitted,



Patricia Ana Garcia Escobedo
ConnectSouth Communications, Inc.

⁴ Statement of Arkansas SWBT President Cynthia Brinkley in the November 3, 2000, issue of the *Arkansas Democrat-Gazette* in response to Alltel's decision to stop selling residential telephone service in Southwestern Bell's Arkansas service area, as well as other markets outside the state, because it says the cost of doing business is too high.